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FM AMEMBASSY NEW DELHI
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5210
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUEHTA/AMEMBASSY ASTANA 1023
RUEHBY/AMEMBASSY CANBERRA 1441
RUEHMO/AMEMBASSY MOSCOW 3072
RUEHOT/AMEMBASSY OTTAWA 0786
RUEHFR/AMEMBASSY PARIS 1483
RUEHKO/AMEMBASSY TOKYO 6071
RUCPDO/DEPT OF COMMERCE WASHDC
RUEAIIA/CIA WASHDC
RHEBAAA/DEPT OF ENERGY WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHDC
RUEKJCS/JOINT STAFF WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEHUNV/USMISSION UNVIE VIENNA 1732
RUCNDT/USMISSION USUN NEW YORK 7559

UNCLAS SECTION 01 OF 02 NEW DELHI 000173

SENSITIVE
SIPDIS

STATE PASS TO NRC
DEPT OF ENERGY FOR PDAS SHANE JOHNSON
DEPT OF ENERGY FOR RBOUDREAU, TCUTLER, MGILLESPIE
USDOC FOR SARAH LOPP

E.O. 12958: N/A
TAGS: [ENRG](#) [TRGY](#) [PREL](#) [PARM](#) [TSPL](#) [KNNP](#) [EINV](#) [BEXP](#) [KIPR](#)
IN, FR
SUBJECT: FRANCE NEEDS CIVIL NUCLEAR LIABILITY CONVENTION,
INTELLECTUAL PROPERTY PROTECTION

REF: NEW DELHI 152

11. (SBU) SUMMARY. The French public multinational civil nuclear firm Areva shares many of the same requirements for doing business in India as U.S. private sector firms, including a civil nuclear liability regime consistent with the Convention on Supplementary Compensation for Nuclear Damage and intellectual property protection in the civil nuclear sector, according to the French Embassy in New Delhi January 23. The French Minister of External Trade will sign a memorandum of understanding during a visit to India the first week in February to set up two reactors at the nuclear reactor park site in Jaitapur, Maharashtra. The French contract to sell uranium to India is a "one-shot deal" of 300 tons for reactors that are already under IAEA safeguards, as compared to India's "quite huge" deal with Kazakhstan to purchase an estimated 1,000-2,000 tons. India's civil nuclear goal of installing 63,000 Megawatts (MWe) of generating capacity by the year 2032 may be based on France's own 63,000 MWe of nuclear generating capacity that it achieved in about 20 years. END SUMMARY.

France Also Needs Liability and IPR Protection

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12. (SBU) Counselor for Energy and New Technologies at the French Embassy in New Delhi, Hugues de Longevialle, told Poloff January 23 that although the French government was a majority share-holder in the civil nuclear firm Areva, it nevertheless had many of the same commercial concerns about doing business in India as U.S. private sector firms. De Longevialle said categorically, "France and Areva need the liability Convention implemented to do business in India." France's bilateral civil nuclear framework agreement with India contains the "specific requirement" that India have a liability regime in force "compatible with international principles." De Longevialle inquired why U.S. firms specifically require the Convention on Supplementary

Compensation, since it is not yet in force, but understood that U.S. firms recognized it as the global standard and would be hard pressed to accept anything less. He said Areva likewise would like to see the Convention itself implemented, adding that if the Indian government were to submit a law to Parliament not fully consistent with the Convention it would be "a concern" to France. De Longevialle shared that the French Minister of External Trade will press home this point during his visit India the first week of February. (COMMENT: France's Areva has a substantial presence in the United States and may have an interest in India ratifying the Convention in part out of concern that its U.S. subsidiary could be sued for an incident in India. END COMMENT.)

¶3. (SBU) De Longevialle added that intellectual property right guarantees were "as important" as liability protection for French industry. Responding to Department of Atomic Energy Chairman Anil Kakodkar's comments to the visiting U.S.-India Business Council civil nuclear trade mission (reftel), de Longevialle said contractual arrangements between commercial partners did not protect foreign firms from intellectual property right infringements by the Indian government. "We have exactly the same concern as you," de Longevialle concluded.

French Have Jaitapur Site, One-time Uranium Contract

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¶4. (SBU) De Longevialle confirmed rumors that India has informally promised to France the nuclear reactor park site

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at Jaitapur, Maharashtra, confirming media statements by Nuclear Power Corporation of India Limited (NPCIL) Chairman S.K. Jain that the French Minister of External Trade will sign a memorandum of understanding the first week in February to set up two reactors at the site. De Longevialle explained that India offered that site to France informally during technical talks on reactor park site selection several years ago, and that the promise had stuck. De Longevialle agreed that the process of reactor park site designation was highly political, and that he did not expect India to announce new sites until after the next general elections due by April. In any case, he said France would have its hands full with one site for the foreseeable future and would not be interested in additional sites for some time.

¶5. (SBU) India's uranium-purchasing deal with Kazakhstan's KazAtomProm inked during the January 26 visit of Kazakhstan President Nazarbayev is "quite huge," according to De Longevialle, estimating it at 1,000-2,000 tons of uranium over several years. In contrast, he characterized the French contract as a "one-shot deal," a stop-gap measure of 300 tons of uranium for reactors already under IAEA safeguards. Kazakhstan has the second highest uranium reserves in the world, after Australia, but it is the third highest producer, after Canada and Australia. He speculated that the sharing of Indian extraction and fabrication technology and expertise may be a component of the Kazakhstan deal. (Further details on Kazakhstan President Nazarbayev's January 26 Republic Day visit will be reported Septel.)

Different Approaches to Implementation

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¶6. (SBU) De Longevialle wondered aloud about the extent to which the U.S. will run into difficulties implementing the 123 Agreement's requirements for the reprocessing arrangement in Section 6(3) and the administrative arrangement to track nuclear materials in Section 17. He said France will take the IAEA safeguards to be sufficient without additional conditionalities on fuel supply or reprocessing. He also cautioned against seeking collaboration with India on nuclear material safety that went beyond existing IAEA accident prevention and response programs, advising that new ad hoc efforts under the rubric of counter-terrorism cooperation

would be viewed by India as "particularly sensitive and perhaps inappropriate."

Indian Ambitions on Par With French Scale

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¶7. (SBU) India's civil nuclear goals are ambitious, but "achievable," according to De Longevialle, who observed that India's goals bear an uncanny resemblance to France's nuclear capabilities. India's official goal is 63,000 MWe by the year 2032, i.e. within 25 years of its 2007 Nuclear Suppliers Group exception. This figure corresponds with France's generating capacity of approximately 63,000 MWe from 58 units, which France achieved in about 20 years.

¶8. (SBU) Local Russian representatives have been characteristically silent about their requirements and commercial hopes. Canada is reportedly close to signing a nuclear cooperation agreement and has exchanged a draft agreement with the Indian government.

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